



## 100 Allowable Costs

Expenditures of WIOA Title I-B funds are allowable only for those activities permitted by the WIOA regulations. For the WIOA Title I-B Adult and Dislocated Worker programs, allowable activities include basic career, individualized career, and training services. Basic career and individualized career services are described in the WIOA Title I-B Adult and Dislocated Worker Programs **Career Services** Policy, Sections **202 and 203**, and the training services are described in Section 500 of the WIOA Title I-B Training Services **Policy**. In addition, allowable activities include youth services that are provided as a requirement of the WIOA Title I-B Youth program elements. For a description of youth services, see **the WIOA Title I-B Youth Program Policy**, Section **300**.

Costs are considered allowable by the United States Department of Labor (DOL) if they are reasonable, necessary, and are allocable for the performance of the federal grant.

### **.01 Applicable Law and Guidance:**

[2 CFR part 200](#) Uniform Administrative Requirements, Cost Principles, and Audit Requirements, subpart E and Appendices I through XI, including any exceptions identified by the Department at [2 CFR part 2900](#), [Public Law 113-128](#) Sections 184; 20 CFR Sections [683.200](#), [683.260](#), [683.285](#), [683.620](#), [683.630](#), [684.630](#), DOL Training and Employment Guidance Letter (TEGL) No. [2-12](#).

### **.02 Definitions**

#### **Allowable Cost:**

A cost to a particular award or other cost objective, if the goods or services involved are chargeable or assignable to the award or cost objective in accordance with relative benefits received.

#### **Award:**

Any money, loans, or non-cash assistance, granted to the State (from the federal government)— or granted by the State to a person or legal entity

for furnishing by the State of assistance— whether financial or otherwise, to any person or entity to support a program authorized by law.

**Buy-America:**

A requirement that all funds authorized in title I of WIOA and the Wagner-Peyser Act must be expended in compliance with Sections 8301 through 8305 of the Buy American Act ([41 U.S.C. 8301–8305](#)).

**Capital Expenditure:**

Expenditures to acquire capital assets, or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.

**Contract:**

A legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award. The term as used in this part does not include a legal instrument, even if the non-Federal entity considers it a contract, when the substance of the transaction meets the definition of a Federal award or subaward.

**Contractor:**

An entity to which a recipient or subrecipient awards a procurement transaction to carry out the project or program under a federal award.

**Equipment:**

Tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-federal entity for financial statement purposes, or \$5,000.

**Expenditures:**

Charges made by a non-federal entity to a project or program for which a federal award was received.

**Funding For Food and Beverage:**

Limited funding for the purchase of food and beverages for events that are deemed necessary for internal and external customers to participate in

federally funded programs. E.g., light refreshments, such as coffee, water soft drinks, and light meals.

**Lodging and Subsistence:**

Costs incurred by employees and officers for travel while working at a location other than the employee's or officer's normal duty station or home (the employee must be acting in their official capacity as required by their work).

**Meetings and Conferences:**

A meeting retreat, seminar, symposium, workshop, or other event that requires travel, and whose primary purpose is the dissemination of technical information beyond the non-federal entity. This includes costs of meals if the cost is of a type generally recognized as ordinary and necessary for the operation of the non-federal entity or the proper and efficient performance of the federal award.

**Reasonable:**

Just, rational, appropriate, logical, ordinary, or usual in the circumstance that is agreeable to reason or sound judgment, and not excessive. The reasonable cost for a food allowance in the WIOA program is based on the cost of food commodities and beverages in the participant's local area.

**Subrecipient:**

A non-federal entity that receives an award from a pass-through entity to carry out part of a federal or state program; this does not include an individual that is a beneficiary of such a program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.

**Uniform Guidance:**

The guidance at [2 CFR parts 200](#), including any exceptions identified by the Department at [2 CFR part 2900](#), which Recipients and subrecipients of a federal award under Title I of WIOA and the Wagner-Peyser Act must follow.

## 101 Federal Allowable Costs Principles

LWDBs and their subrecipients must comply with the federal allowable cost principles that apply to their organization.

- A. Allowability of costs shall be determined in accordance with the cost principles in [2 CFR 200](#) Uniform Administrative Requirements, Cost Principles, [subpart E](#).
- B. In addition to the requirements at [2 CFR 200.317 through 200.327](#) (as appropriate), all procurement contracts between LWDBs and units of State or local governments must be conducted only on a cost reimbursement basis [[20 CFR 683.200\(c\)\(4\)](#)].
- C. When evaluating any expenditures, the following elements must be considered:
  - 1. Factors affecting allowability of the costs, except where otherwise authorized by statute, must meet the below general criteria in order to be allowable under federal awards if they:
    - a. Are reasonable, necessary, and allocable for the performance of the federal grant.
    - b. Are consistent with policies, regulations, and procedures that apply uniformly to both federally financed and other activities of the non-federal agency.
    - c. Allow consistent treatment between direct and indirect costs.
    - d. Are determined in accordance with generally accepted accounting principles (GAAP), except for state and local governments and Indian tribes only.
    - e. Are not included as a cost or used as a cost share or to match requirements of any other federally financed program, in either the current or a prior period.
    - f. Are adequately documented.
  - 2. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is important when the non-federal agency is mostly federally funded. Consideration must be given to:

- a. Whether the cost is recognized as ordinary and necessary for the operation of the non-federal agency or the proper and efficient performance of the federal award.
- b. The requirements imposed by factors such as sound business practices, arm's-length bargaining, applicable laws and regulations, as well as terms and conditions of the federal award.
- c. Market prices for comparable goods or services for the geographic area.
- d. Whether the individuals concerned acted with prudence regarding their responsibilities to the non-federal agency, its employees, students or membership, the public at large, and the federal government.
- e. Whether the non-federal agency significantly deviates from established policies and procedures, which may unjustifiably increase the federal award's cost.

## **102 WIOA Title I-B Allowable Costs**

### **.01 Advertising, Outreach, and Public Relations**

The use of promotional materials is allowable when the materials meet the basic standards of an advertising or marketing campaign.

All promotional material must meet the following criteria:

- A. State the services offered;
- B. Contain a phone number, e-mail address, web address, or street address for customers to contact;
- C. State the funding source for the advertisement and include the State brand "ARIZONA@WORK". Promotional materials may not solely promote the State or local agency. Examples of the funding tagline and state branding include:
  - 1. "Funded by the Department of Labor WIOA Title I-B program that serves Youth, Adults, and Dislocated Workers"; or "Funded by DOL WIOA Title I funds"; and

2. “ARIZONA@WORK - A proud partner of the American Job Center Network” or “ARIZONA@WORK” state brand. The tagline may be shortened to “Funded by DOL, WIOA Title I-B programs” when space is limited.
- D. Be able to be tracked to justify the effectiveness of the promotion;
- E. When applicable, be accompanied with an inventory control system;
- F. Advertising costs are the costs of advertising media and subsequent administrative costs. Advertising media include magazines, newspapers, radio, television, direct mail, exhibits, and electronic or computer transmittals. Allowable advertising costs must be directly related to the following:
1. The recruitment of personnel required to adequately perform WIOA Title I-B activities;
  2. The procurement of goods and services required to perform WIOA Title I-B activities;
  3. The disposal of scrap or surplus materials acquired in the performance of the federal reward, except when non-federal entities are reimbursed for disposal costs at a predetermined amount; and/or
  4. Public relations include community relations and activities dedicated to maintaining the image of the non-federal agency and the WIOA Title I-B programs, to promote understanding and favorable relations with the community or public at large. The only allowable public relations costs are:
    - a. Costs specifically required by WIOA Title I-B; or
    - b. Costs of communicating with the public and press pertaining to specific activities or accomplishments achieved by the WIOA Title I-B programs.
- G. No form of advertising may be used to increase awareness or support of a non-federal entity.

## **.02 Allowable Employer Outreach and Job Development Activities**

Allowable costs include outreach costs associated with promoting WIOA

Title I-B program services, including ARIZONA@WORK Job Center location information (e.g., flyers, brochures, banners, and other promotional material associated with promoting WIOA program services), to include American Job Center location information and participant recruitment at job fairs in the local area.

Allowable employer outreach and job development activities must be directly related to training individuals, such as:

- A. Contracts with potential employers for the placement of WIOA Title I-B participants;
- B. Participation in business associations (such as chambers of commerce), joint labor management committees, labor associations, and resource centers;
- C. WIOA Title I-B staff participation on economic development boards and commissions, and work with economic development agencies to:
  - 1. Develop and maintain contact with potential employers for placement of WIOA Title I-B participants;
  - 2. Participate in business associations (such as chambers of commerce), joint labor associations, and resource centers;
  - 3. Provide information about WIOA Title I-B programs;
  - 4. Coordinate activities in a region or local area to promote entrepreneurial training and microenterprise services;
  - 5. Assist in making informed decisions about job training needs;
  - 6. Promote the use of first source hiring agreements and enterprise zone vouchering services
- D. Actively participate in local business resource centers (incubators) to provide technical assistance to small and new businesses, to reduce the rate of business failure;
- E. Subscribe to relevant publications;
- F. Generally, disseminate information on WIOA Title I-B programs and activities;

- G. Conduct labor market surveys;
- H. Develop on-the-job opportunities; and
- I. Conduct other allowable WIOA activities in the private sector.

### **.03 Meetings and Conferences**

The cost of meetings and conferences, where the primary purpose is to provide technical assistance and is necessary and reasonable for successful performance under the federal award, is allowable. Conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary, and managed in a manner that minimizes costs to the federal award. Examples of these costs include the rental of facilities, speakers' fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by the terms and conditions of the federal award.

### **.04 Incentives**

- A. Incentives for youth participants are permitted for recognition and achievements when directly tied to training activities and work experiences.
- B. Incentives for adult and dislocated workers must only be paid for recognition and achievements when directly tied to training activities and work experiences, and require pre-approval from the DERS Finance and Budget Unit. LWDBs must request pre-approval from the DERS Finance and Budget Unit using the WIOA Title I-B Adult and Dislocated Worker Incentive Approval Request Form (WIOA-1084A). The form can be located at the [Title I-B Policy and Procedure Manual](#) webpage, under the tab listed as Exhibits - Fiscal Policies, as 3-700A)
- C. For additional requirements related to the use of WIOA Title I-B funds to pay incentives to adults, dislocated workers, and youth participants, refer to the WIOA Title I-B Incentives Policy, located at the [Title I-B Policy and Procedure Manual](#) webpage, under the tab listed as Fiscal Policies.

### **.05 Travel**

#### **Travel Costs**

- A. Travel costs are the expenses for transportation, lodging,



subsistence, and related items, including meals and related items incurred by employees who are traveling on pre-approved, official business, and are allowable.

- B. Official business travel must be approved using the local area travel policy.

### **Travel Mileage**

Pursuant to [2 CFR 200.475](#), all award recipients must have policies and procedures in place related to travel costs; however, for reimbursement on a mileage basis, this federal award cannot be charged more than the maximum allowable mileage reimbursement rates for federal employees. The most current amounts are listed in the [U.S. General Services Administration](#).

### **.06 Consultants**

The DOL [Employment and Training Administration](#) (ETA) has determined that fees paid to a consultant who provides services under a program shall be limited to \$710 per person, per day (representing an eight-hour workday). Consulting firms with two consultants will be eligible for \$1,420 per workday. This rate does not include expenses such as travel. Any fees paid in excess of this amount must not be paid without prior approval from DOL [ETA](#). Any modification to this limit will be communicated via a policy revision.

### **.07 Food and Beverage**

The purchase of food, non-alcoholic beverages, and other consumables for participants is permitted, but limited to specific allowable WIOA Title I-B activities (refer to [Section 103.D.2](#) of this policy).

- A. The cost of food and beverage must be appropriate, reasonable, necessary, and managed prudently to minimize expenses in order to serve a public purpose specific to WIOA Title I-B activities necessary to meet the goals of the federal award.
- B. Grantees must send the request for reimbursement through the standard process to the Arizona Department of Economic Security (ADES), DERS, Finance and Budget WIOA Unit ([Fiscal Unit](#)). Grantees must maintain, for audit purposes, a justification of funds spent for recipients of WIOA Title I-B on food, refreshments, and other consumables.

### 103 **LWDB Responsibilities for Allowable Costs**

It is the responsibility of the LWDB that is approving the expenditure of funds on any activity to ensure that the expenditures:

- A. Meet the objectives of the statute and regulations;
- B. Meet the benefit of the grant;
- C. Meet the urgency of the situation; and
- D. Are necessary, reasonable, and allocable to the standards of the federal grant requirements.
  - 1. In cases where basic conditions are not met, the LWDB must find other sources of funding.
  - 2. If food and beverages are provided at a conference, the conference brochure, flyer, or registration website must specifically state that food and/or beverages will be provided, and conference registration fees must be inclusive to cover the cost of the food and/or beverages for each individual.

### 104 **WIOA Title I-B Unallowable Costs**

All costs associated with an unallowable activity are considered unallowable costs, regardless of their allowability under other circumstances. The unallowable activities are as follows:

#### **.01 WIOA Provisions**

- A. Any legal expenses incurred for the prosecution of claims against the government. This includes appeals to the Administrative Law Judge of disallowed costs or other claims and civil actions where the federal government is a defendant [[2 CFR 200.435\(g\)](#)];
- B. The costs of construction or the purchase of facilities or buildings or other capital expenditures for improvements to land or buildings for all WIOA Title I-B programs, except with prior written approval from the U.S. Department of Labor ([20 CFR § 683.235](#));
- C. Public service employment, except when authorized under Title I of WIOA, such as when public employment is offered as an on-the-job training, transitional employment, or a work experience. Public service employment is defined as work normally provided by

governments and includes, but is not limited to, work in the field of human betterment and community improvement; child care; healthcare; education; crime prevention; public transportation; streets and parks; solid waste removal; housing and neighborhood improvement; and rural development [[20 CFR § 250\(a\)\(2\)](#)]

- D. Employment-generating activities, investment in revolving loan funds, capitalization of businesses, investment in contract bidding resource centers, economic development activities, or similar activities. An exception is made only for those employer outreach and job development activities directly related to participants ([20 CFR § 683.245](#));
- E. The wages of incumbent workers during participation in economic development activities provided through the State workforce system [[\(20 CFR § 683.250\(a\)\(1\)\)](#)];
- F. Foreign travel and first-class airline tickets;
- G. Employment or training programs for sectarian activities. This section does not prohibit the provision of services by faith-based organizations, unless those services are sectarian in nature ([20 CFR § 683.255](#)); and
- H. Expenses prohibited under any other federal, state or local law or regulation.

## **.02 Alcohol**

Provision of alcoholic beverages are an unallowable cost and are not covered by WIOA Title I-B funds.

## **.03 Entertainment**

Costs of entertainment, including amusement, diversion, and social activities, and any costs directly associated with such costs (such as tickets to shows or sporting events, meals, lodging, rentals, transportation, and gratuities) are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved federal award or with prior written approval of the federal awarding agency.

## **.04 Salaries and Bonuses**

- A. WIOA Title I-B funds may not be used by a recipient or subrecipient

to pay for the salary of, or bonus to, an individual, either a direct or indirect cost, at a rate in excess of the annual rate of basic prescribed for level II of the Executive Schedule 5 U.S.C. 5313, which can be found at [U.S Office of Personnel Management](#).

- B. In instances where funds awarded under Title I-B pay only a portion of the salary or bonus, the WIOA Title I-B funds may only be charged for the share of the employee's salary or bonus that is attributable to the work performed on the WIOA Title I-B grant.
- C. The limitation described in paragraph .01 of this section does not apply to contractors providing goods or services. Characteristics of a contractor include:
  - 1. Provides goods and services within normal business hours;
  - 2. Provides similar goods and services to many different purchasers;
  - 3. Normally operates in a competitive environment;
  - 4. Provides goods and services that are supplementary to the operation of the federal program; and
  - 5. Is not subject to compliance requirements of the federal program as a result of the agreement, though similar requirements may apply for other reasons.
- D. When a recipient is working for the same recipient or subrecipient in multiple offices that are funded by WIOA Title I-B, the recipient must ensure that the sum of the salaries or bonuses does not exceed the limit in [20 CFR § 683.290](#).

## **.05 Business Relocations**

Pursuant to [20 CFR § 683.260](#), WIOA Title I-B funds are prohibited for business relocations that result in the loss of an employee's job at the original location in the U.S. WIOA Title I-B funds must not pay for customized training, skill training, on-the-job training, incumbent worker training, transitional employment, or company specific assessments of job applicants for employees of any business, or part of a business, that has relocated from any location in the U.S., until the company has operated at the location for 120 days, if the relocation has resulted in any employees losing their job.

- A. To verify that a business establishment that is new or expanding is not, in fact, relocating the business domicile or employees from another area, a standardized pre-award review must be completed and documented by the Title I-B provider and the business, as a prerequisite to WIOA Title I-B assistance.
- B. The pre-award review includes the:
  - 1. Names under which the establishment does business, including the predecessors and successors in interest;
  - 2. Name, title, and address of the company official certifying the information; and
  - 3. Whether WIOA Title I-B assistance was sought in connection with past or impending job losses at other facilities, including whether WARN notices relating to the employer have been filed.

#### **.06 Pre-Approval of Capital Expenditure**

Capital expenditures for general purpose equipment are unallowable as a direct cost, except when pre-approved. All single item vehicles and other equipment purchases, including software (all components that make the item functional), when the single-unit cost exceeds \$5,000, or the total-purchase price exceeds \$10,000, must receive pre-approval from the ADES Division of Employment and Rehabilitation Services (DERS), Finance and Budget WIOA Unit ([Fiscal Unit](#)) by completing the WIOA Pre-Approval Questionnaire for Equipment and Vehicle Over \$5,000 form (WIO-1079A). This form can be located at the [Title I-B Policy and Procedure Manual](#) webpage, under the tab listed as Exhibits - Fiscal Policies, as 3-100A.

- A. Pursuant to WIOA Final Regulations, [20 CFR 683.200\(a\)\(2\)](#) and [2 CFR 200.439](#), the Finance and Budget WIOA Unit has the authority to grant or deny approval for selected items of cost requiring prior approval.
- B. Prior approval must be requested in writing and approved before the cost is incurred, or the expenditure will be considered unallowable.
- C. Requests for pre-approval must be sent to the Finance and Budget WIOA Unit on the ADES WIOA Pre-Approval Questionnaire (See

Exhibit 3-100A) located at the [Title I-B Policy and Procedure Manual](#) webpage, under the tab listed as Exhibits - Fiscal Policies, along with the following information:

1. An explanation of the need for the expenditure; and
2. Three competitive quotes for the expenditure.

#### **105 Procurement Restrictions**

WIOA Title I-B funds must be expended [per Grant Terms & Conditions \(Buy American Act Sec. 8301-8305\)](#).

Sub-awards or contracts with parties that are debarred, suspended, or otherwise excluded are ineligible for participation in federal programs or activities.